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TRADE AND DEVELOPMENT BOARD
Commission on Trade in Goods and Services,
and Commodities
First session (Part I)
Geneva, 6 November 1996
Agenda item 3

ENABLING COUNTRIES TO RESPOND TO THE OPPORTUNITIES ARISING FROM THE URUGUAY ROUND AGREEMENTS SO AS TO DERIVE MAXIMUM AVAILABLE BENEFIT BY: ANALYSING THE IMPACT OF THE URUGUAY ROUND AGREEMENTS ON DEVELOPMENT AND ENHANCING CAPACITIES FOR PARTICIPATION IN THE MULTILATERAL TRADING SYSTEM

Agreed conclusions */

Focus of future work

1. In the context of the work programme contained in paragraph 91 of the Midrand final document, the UNCTAD secretariat should undertake studies to support the work of future meetings of the Commission and the expert meetings to be convened.

2. The secretariat should also undertake country-specific studies that should cover, among others, the impact and dynamic effects of the Uruguay Round Agreements on development and the transitional and long-term development impact of trade liberalization, the supply capacity, trade policy, and capacity-building for strengthening the participation of developing countries in the international trading system.

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*/ Adopted by the Commission at its 2nd plenary meeting, on 8 November 1996.

3. Technical cooperation by the UNCTAD secretariat on capacity-building for strengthening the participation of developing countries, and particularly the least developed countries, in the international trading system should be an important component of the work in this field. It should be demand-driven and aim to enhance the capacity of countries to promote their own development process with appropriate international cooperation. Donors are invited to continue and, if possible, increase their financing of technical assistance programmes. Technical cooperation in this field should focus particularly on the following areas:

(a) Capacity-building to assist developing countries to prepare for negotiations in the context of the built-in agenda of the Uruguay Round MTAs and improve the understanding of the implications of new and emerging issues;

(b) Accession to the World Trade Organization and problems of non-WTO members, particularly those of least developed countries;

(c) Human, institutional and legislative capacity-building to benefit from the opportunities arising from the participation in the multilateral trading system, to exercise the rights and to comply with the obligations within the Uruguay Round Agreements;

(d) To promote South-South cooperation in the area of capacity-building;

(e) Horizontal and vertical diversification in commodity-dependent countries.

4. Technical cooperation activities should be structured in a coherent and coordinated manner. Attention was drawn to the need to relate the technical cooperation activities in the area of trade with those related to commodities, services, trade efficiency, promotion of foreign direct investment and technology capacity-building.

Convening of expert meetings

5. The Commission decided to convene, in accordance with "A Partnership for Growth and Development", the following expert meetings to:

(a) consider opportunities for vertical diversification in the food processing sector in developing countries, bearing in mind successful experiences, and make action-oriented recommendations;

(b) examine opportunities/difficulties which may confront developing countries in strengthening their capacity and expanding their exports, drawing upon the situation in the health service sector.

Provisional agenda for the second session of the Commission

6. The Chairman will hold consultations on the provisional agenda for the second session of the Commission. The issue of diversification of commodity-dependent countries was suggested as a possible item for the agenda of the second session.

Looking ahead to UNCTAD X

7. It was considered useful, from the very beginning of the Commission, to reflect on its long-term perspectives. It was agreed that the work programme should be seen in a coherent form and that its overall results should provide a deeper understanding as to where various policy options would lead and how they could affect the development process at large. In foreseeing the changing policy environment in many countries, work should be oriented towards providing a more solid analytical underpinning to, and empirical evidence for, understanding of the developmental impact of further trade liberalization.

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SUMMARY BY THE CHAIRMAN 1/

In spite of the difficulty involved in conducting an exhaustive assessment of the impact of the application of the Uruguay round agreements only two years after the conclusion of the Marrakesh Agreements, the Commission on Trade in Goods and Services, and Commodities has striven, on the basis of document TD/B/COM.1/2, to identify the main lines of action open to UNCTAD in this area, in accordance with the mandate entrusted to the Commission at the ninth session of the Conference. Several delegations pointed out that the first meeting inaugurated the new cycle of work of the subsidiary bodies set up at Midrand.

1. All delegations recognized the need to carry out a systematic analysis of the consequences of the Marrakesh Agreements as far as development was concerned. Some delegations wished to make this a permanent feature of the Commission's activities. All delegations also considered it necessary to help the developing countries, and particularly the LDCs, to discnarge their obligations and exercise their rights in such a way as to draw the greatest benefit from the possibilities opened up by those agreements for their development strategies.

1/ At its second plenary meeting, held on 8 November 1996, the Commission took note of the summary presented by the Chairman in his personal capacity and decided to include it in the Commission's report on its first session.

2. On the basis of an initial analysis of the application of the agreements, some delegations identified certain adverse effects on development. Several emphasized the actual shortcomings of the agreements: the lack of tariff cuts for 22 per cent of the sensitive imports for the developing countries, and the continued existence of tariff peaks, if not tariff escalation. They also found the application of the agreements to be unsatisfactory: protectionist measures were maintained in the developed countries, and assistance to the developing countries was inadequate. The same delegations highlighted the continuation of an international environment which was hostile to development, in the shape of the debt burden, the shrinking of official development assistance, stagnating investment flows and a deflationary policy pursued by the developed countries.

3. Other delegations mentioned such negative effects as the risk of divergent interpretations of the provisions of the Agreements, the existence of powerful protection measures in the developing countries too, and the erosion of preferential margins.

4. The discussions brought out positive effects: together with the expected benefits of the liberalization of trade and greater participation by the developing countries in the multilateral trade system, trade on the part of the developing countries and among developing countries themselves was growing. Furthermore, some delegations remained of the view that the developing countries continued to benefit from systems of preferences, some of which had been improved.

5. Many delegations, underlining the additional constraints imposed on the developing countries by the application of the obligations arising from the Agreements, concluded that there was a need to increase technical assistance to the developing countries, and particularly the LDCs, in the following areas:

(a) The strengthening of national capabilities in the developing countries, in order to help them to prepare an appropriate legal framework, while implementing human resources development programmes, with a view to joining the World Trade Organization (WTO);

(b) Support for the productive sector, with the aim of developing supply capabilities and promoting diversification of production in the developing countries, and particularly output of commodities. Some developing countries, and more specifically the LDCs, had not made substantial progress in diversifying their exports;

(c) Increased assistance in the sectors of trade information and efficiency.

6. All delegations recommended that the development dimension should serve more explicitly as a guide in UNCTAD's analytical work as well as its

technical assistance activities. In keeping with the provisions of the Final Document of UNCTAD IX, that orientation should apply first and foremost to the LDCs.

7. Delegations expressed interest in efforts by the secretariat to prepare a sample of empirical studies carried out by country, by sector, by product or in terms of a combination of those criteria.

8. In accordance with its mandate, the Commission adopted agreed conclusions on item 3 of its agenda. 2/

2/ See TD/B/COM.1/4.